Report Suggests Ky Dealt in Drugs

By Jack Anderson

A startling intelligence report, dated July 19, 1971, and stamped "Secret/Sensitive," suggests that South Vietnam's former Vice President Nguyen Cao Ky may have financed his 1971 presidential campaign by smuggling narcotics.

"It is said that Ky has to raise 500 million Vietnamese piastres for his campaign and intends to do it through the narcotics traffic," declares the intelligence report.

It was addressed to Harold F. Smith, then the assistant customs commissioner in charge of investigations, who told us he remembered the charge against Ky but described it as "a flophouse rumor that was never tied down."

The secret report tells of meetings between the flamboyant Ky and two Air Vietnam pilots. "These meetings are not considered coincidental," states the report, "as they follow the same pattern as the Air Vietnam opium traffic pattern in 1963 from Vientiane, Laos."

Footnote: We were unable to reach Ky, but an intermediary denied that the former South Vietnamese leader was involved in the narcotics traffic. He was eventually maneuvered out of the presidential race in August, 1971, by President Thieu.

Pipeline Postscript — The thunderclap of Watergate revelations this week drowned out the sounds of the most extensive arm-twisting campaign seen on Capitol Hill since the fight over the SST. The issue: the Alaskan oil pipeline.

State Department cables reveal the big oil companies had an ally in the diplomats. "Opponents of the project," the State Department cabled the Canadian government, "have argued that an oil pipeline (in Canada) would be a preferable alternative. In this connection the department urgently requires your current assessment."

The Canadians cabled their "current assessment," but the State Department refused to forward it to the Senate. Not until Sen. Birch Bayh (D-Ind.) threatened to delay floor action on a pipeline amendment did the State Department grudgingly show him the Canadian response.

Then the State Department deliberately held back a revision which altered substantially the Canadian position on the proposed Canadian pipeline.

By phone and by letter, the Canadians told the State Department they did not require 51 per cent ownership in a Canadian oil pipeline, as indicated in their original statement. The State Department did not tell Congress this, however, until the information was requested one week later by Rep. John Melcher (D-Mont.). By that time, the Senate had defeated the key pipeline amendment, which would have required further study of the Canadian route.

The outright lie by omission culminated months of State and Interior Department deceptions concerning the Alaskan alternative—the Canadian pipeline.

Meanwhile, the oil companies, with billions in the Alaska route, were busily shuffling key supporters up to Alaska for a look at the pipeline route and making the rounds on Capitol Hill to collect on old campaign markers.

The powerful lobbying machine, lubricated by big money and big lies, overwhelmed a rag-tag coalition of environmentalists and Midwestern senators.

Red Tape—After nearly two years, the Interior Department's attempt to shut down a house of prostitution on federal land is still tied in red tape.

Interior Secretary Rogers C. B. Morton tried to cancel the bordello's lease, but the outspoken madam, Beverly Harrell, took her cause to the Board of Land Appeals. There, board chairman Newton Frishberg has been considering what he calls "this titillating case" since February, 1972, although he quickly adds "the fascination in this case is strictly legal."

At present, the risque ranch is operating under a county license as a place of "amusement, entertainment or recreation."

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